REWARD MANAGEMENT ON MOTIVATION TO PERFORM JOB

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Abstract

This study investigated the relationship between reward management and motivation to perform job. A quantitative survey method was employed to collect self-administered questionnaires from employees who work at government departments in Klang Valley, Peninsular Malaysia. The outcomes of linear regression analysis showed three important findings: first, communication was positively and significantly correlated with motivation to perform job. Second, participation was positively and significantly correlated with motivation to perform job. Third, performance appraisal was positively and significantly correlated with motivation to perform job. This result confirms that communication, participation and performance appraisal is important determinants of motivation to perform job in the organizational sample. Further, discussion, implycations and conclusions are elaborated.

Keywords: Reward management, communication, participation, performance appraisal, motivation to perform job, linear regression analysis.

Introduction

Reward is an important function of human resource management where it is given to individuals as recognition of service, effort or achievement (Oxford English Dictionary, 2007; Kamus Dewan, 2005). Most reward management are designed based on two major variables: internal alignment (e.g., corporate strategy, management philosophy, types of job and level of productivity) and external competetiveness (i.e., economic pressures, government policies, laws and regulations) (Milkovich, Newman, Gerhart, & Newman, 2014; Martocchio, 2015; Mytty, Pedak, & Sun, 2016). These variables strongly motivate employers to plan and implement various types of reward system based on to essential criteria; job factor (e.g., tenure, length of service and/or seniority) and performance (e.g., merit pay, variable pay, incentive and/or profit sharing). How well these reward management are designed they will be able to support the organization and human resource department's goals if these reward system are not competently managed in organizations (Henderson, 2009; Ismail et al., 2009; Milkovich et al., 2014).

A review of the recent literature pertaining to workplace reward management highlights that competent reward management system has three salient components: communication, participation and performance appraisal (Ismail, Mashkuri, Sulaiman, & Hock, 2011; Darehzereshki, 2013).

In a reward management perspective, communication is often implemented in two major types: communication from employees to the organization and communication from the organization to employees (Colquitt, Lepine, & Wesson, 2013; Salim, Roszaide, Ismail, & Yussof, 2015). In practice, communication from employees to the organizations is often defined as employees deliver and share broad information, feedback and suggestions to stakeholders (Henderson, 2009; Milkovich et al., 2014). Conversely, communication from the organization to employees is usually defined as the amount of reward information that is disseminated from the organization to enhance employees understanding about the value of reward and policy and procedures of reward system (Henderson, 2009; Martocchio, 2015).

Conversely, participation in reward management is usually defined as employees involve in input and output. Involvement in input refers to employees who work in different hierarchy levels and categories are given more opportunity to provide ideas in the establishment of reward systems to achieve the major goals of its systems, stakeholder's needs and/ or organizational strategy (Aimi, Ismail, & Abdin, 2014; Milkovich et al., 2014). While, involvement in output refers to employees involve in providing suggestions to determine the enterprise's goals, resources, and methods, as well as allow employees to share the organization's rewards in profitability and/or the achievement of productivity objectives (Milkovich et al., 2014; Salim et al., 2015). These participation styles will encourage management and employees to be honest in making personal contributions and support the workplace reward management program (Colquitt et

al., 2013; Aimi *et al.,* 2014). Further, performance appraisal in reward management refers to measurement methods used by administrators to determine employee performance and outcomes of the performance appraisal will be used to allocate the type, level and/or amount of rewards based on employee achievements in organizations (Ismail *et al.,* 2011; Darehzereshki, 2013).

Many scholars contend that the extant studies about successful organization reveal that the ability of administrators to appropriately implement communication, participation and performance appraisal in managing various types of reward systems may have a significant impact on employee outcomes especially motivation to perform job (Kazombiaze, Rippon, & Indermun, 2014; Murphy, 2015). In an organizational behavior perspective, motivation to perform job is often defined as the reason people want to work and to be successful. Motivation in work setting may be driven not only by internal rewards and also external rewards (Milkovich *et al.,* 2014; Murphy, 2015).

In reward management system model, many scholars concur that communication, participation, performance appraisal and motivation to perform job are distinct, but highly interrelated constructs. For example, the ability of managers to openly communicate the information about reward systems, actively participate in reward systems and appropriately implement performance appraisal in determining reward systems may lead to greater motivation to perform job in organizations (Ismail *et al.,* 2011, Milkovich *et al.,* 2014). Even though the nature of this relationship is interesting, the role of reward management as an important predicting variable is given less attention in the workplace reward management research literature (Ismail *et al.,* 2011; Martocchio, 2015). Thus, this situation motivates the researchers to fill in the gap of literature by measuring the effect of reward management on motivation to perform.

This study has three major objectives: First, is to measure the relationship between communication and motivation to perform job. Second, is to measure the relationship between participation and motivation to perform job. Third, is to measure the relationship between performance appraisal and motivation to perform job.

The role of performance based reward management as an important predicting variable is consistent with the notion of leadership theory. For example, Graen's (1976) role theory posits that the ability of leaders to appropriately distribute rewards and benefits based on follower contributions this may induce employees' positive behavior. While, Graen and Uhl-Bien's (1995) leader-member exchange theory ex-plain that the ability of leaders to allocate in kind exchanges (e.g., morale and/or material) according to follower contributions may enhance followers' positive actions. In the context of performance based reward management, the notion of quality relationship between leaders and followers can be translated as communication, participation and performance appraisal. The notion of these theories has gained strong support from performance based reward management research literature.

Several further studies were conducted using a direct effects model to examine reward system based on different samples such as perceptions of 80 employees work in manufacturing company in Ghana (Boachie-Mensah & Dogbe, 2011), 116 bank employees in 12 global banks in Istanbul (Güngör, 2011), 131 employees work in Iranian Sports Federation (Sareshkeh, Ghaziani, & Tayebi 2012), 129 employees in Malaysian post office (Ismail, Mohammad, Aimi, Hasan, & Rashidi 2014), 166 employees who work in public school of Zarqa, Jordan (Altahayneh, Khasawneh, & Abedalhafi, 2014) and 171 employees work at private education industry in Malaysia (Phin, 2015).

Outcomes of these surveys reported that ability of management to openly communicate the information about reward systems (e.g., discussion, better explanations, and negotiation), actively encourage employees to participate in reward systems (e.g., suggestion and involve in decision making), and appropriately implement performance appraisal in managing reward systems had been important predictors of motivation to perform job in the respective organizations (Darehzereshki, 2013, Aimi *et al.,* 2014, Milkovich *et al.,* 2014). The literature has been used as guideline to establish a theoretical framework for this study as shown in Figure 1.

Based on this framework, it can be hypothesized that:

H_1: There is a positive relationship between communication and motivation to perform job.

H_2: There is a positive relationship between participation and motivation to perform job.

H_3: There is a positive relationship between performance appraisal and motivation to perform job.

Research Method

A cross-sectional research design was employed because it allows the researchers to integrate the performance based reward literature and the actual survey as main procedure to collect data for this study. This data collection procedure may help the researchers to gather accurate data, decrease bias and increase

quality of data being collected (Cresswell, 2014; Sekaran & Bougie, 2013). This study was conducted at governments department at Klang Valley in Peninsular Malaysia. The management of this organization has followed the broad policies and procedures as described in the Malaysian Remuneration System to determine fix salary scale based job (i.e., tenure and/or seniority) and variable pay (i.e., incentives and recognitions based on performance).
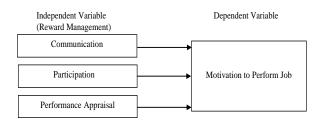
Independent Variable
(Reward Management)   Dependent Variable

Communication

Participation   Motivation to Perform Job

Performance Appraisal

Figure 1. The conceptual framework

At the moment, the reward system is viewed as a very important instrument to support the goals of exit policy, which is not providing salary increments and variable pay for low performing employees and they will be terminated if their performance are below 80 percent consecutively for three years. This practice has been used as an important catalyst to transform employee attitudes from doing routine job to implement creativity and innovations in improving daily services and fulfil customer needs and expectations. As a result, this situation may help to build the image of government agencies as an employer of choice in society. Although the nature of this relationship is important, little is known about the effectiveness of reward system models of the organizations. Therefore, there is a need to further explore the nature of this relationship is imperative.

At the early stage of this study, a survey questionnaire was drafted based on reward management literature. Further, a back translation technique was employed to translate the survey questionnaires; thus, there are English and Malay versions in order to increase the validity and reliability of research findings (Cresswell, 2014; Sekaran & Bougie, 2013).

The survey questionnaire consists of four major parts: First, communication had seven items adapted from performance based pay management literature (Aimi *et al.,* 2014; Singh, 2009; Milkovich *et al.,* 2014). The dimensions used to measure the construct were clarity, trust and knowledge. Second, participation had four items adapted from performance based pay management literature (Brown, Hyatt & Benson, 2010; Ismail *et al.,* 2011; Milkovich *et al.,* 2014). The dimensions used to measure the construct were design of reward system and administration performance

based pay management literature (Ismail *et al.,* 2011; Milkovich *et al.,* 2014). Third, performance appraisal had five items adapted from performance based pay management literature (Ismail *et al.,* 2011; Milkovich *et al.,* 2014).

The dimensions used to measure the construct were clarity, trust and fairness in performance appraisal. Fourth, motivation to perform had nine items adopted from the motivation to perform job literature (Milkovich *et al.,* 2014; Zabouj & Antoniades, 2015). The dimensions used to measure the construct were intrinsic and extrinsic motivation. All these items were measured using a 7-item scale ranging from "strongly disagree/dissatisfied" (1) to "strongly agree/ satisfied" (7). In this study, the role of demographic variables as important predicting variables have not received strong support from the theoretical and empirical evidences as described in the literature review section. Therefore, demographic variables are treated as controlling variables because this study gives most focus on employee attitudes.

A purposive sampling technique was utilized to collect 179 survey questionnaires from employees in the studied organizations. This sampling technique was used because the management of the organization had not given the list of registered employees to the researchers and this situation could not allow the researchers to apply a random technique in choosing respondents for this study.

The participants answer the survey questionnaires based on their consent and a voluntary basis. In terms of adequacy of this sample size, we have made a comparison with the Hair, Hult, Ringle, and Sarstedt.'s (2017) rule of thumb, which reveals that "10 times of the largest number of formative indicators used to measure a single construct" (Hair *et al.,* 2017). Based on this comparison, the sample size of this study is more than 10 times of the largest indicators for the formative construct (i.e., seven items for communication) used in the hypothesized model. This result confirms that the sample size of this study is adequate to be used in further analysis.

Data analysis technique as proposed by Hair, Anderson, Tatham, and Black (1998) was employed to assess the validity and reliability of instrument and test the research hypotheses. Firstly, exploratory factor analysis was used to assess to validity and reliability of measurement scales. Secondly, Pearson correlation analysis and descriptive statistics were conducted to determine the collinearity problem. Finally, linear regression analysis is used to investigate the significant relationships between the independent variables (communication, participation and performance appraisal), and dependent variable (motivation

to perform job) based on beta standardized value (β) and significant level ($p<0.05$; $p<0.01$; $p<0.001$). As suggested by Cohen (1988), R^2 values for endogenous latent variables are assessed as follows: 0.26 (substantial effect), 0.13 (moderate effect), 0.02 (weak effect).

Result and Discussion

The majority respondents were female (65.4 percent), age between 25 to 34 years old (62.6 percent), workers who held diploma (41.3 percent), workers who worked between 5 to 14 years (63.1 percent), workers with permanent type of service (72.6 percent) and workers comes from non-management position contribute to (57.5 percent), monthly salary between Malaysian Ringgit RM2500 to 3999 (45.8%), and married employees (69.3%).

Table 1 show the results of validity and reliability of instrument. The survey questionnaires consisted of 25 items, which related to four variables: communication (seven items), participation (four items), performance appraisal (five items) and motivation to perform job (nine items). The factor analysis with the varimax rotation was done for all variables. The results of factor analysis process which all of the 25 items are retained. Specifically, these statistical results showed that (1) all research variables exceeded the acceptable standard of Kaiser-Meyer-Olkin's value of 0.6, (2) all research 83 variables were significant in Bartlett's test of sphericity, (3) all research variables had eigenvalues larger than 1, (4) the items for each research variable exceeded factor loadings of 0.40 (Hair, *et al.,* 1998) and (5) all research variables exceeded the acceptable standard of reliability analysis of 0.70 (Nunnally & Bernstein, 1994). These statistical results showed that the measurement scales used in this study met the acceptable standard of validity and reliability analyses (Cohen, Cohen, West, & Aiken, 2010; Nunnally & Bernstein, 1994).

Table 2 shows the results of Pearson correlation analysis and descriptive statistics. Means for the variables are from 4.1508 to 5.0996, signifying that the levels of communication, participation and performance appraisal ranging from high (4) to highest (7). The correlation coefficients for the relationship between the independent variable (i.e., communication, participation and performance appraisal) and the dependent variable (i.e., motivation to perform job) were less than 0.90, indicating the data were not affected by serious collinearity problem (Hair *et al.*, 1998). This result further confirms that the measurement scale has met the acceptable standards of validity and reliability analysis.

Table 3 shows the results of testing hypotheses using a linear regression analysis in Step 2. Firstly, communication was positively and significantly correlated with motivation to perform job (β=0.492; p <0.000), therefore H_1 was supported. In terms of explanatory power, communication had explained 25 percent of the variance in dependent variable, showing that it provides moderate support (Hair *et al.,*

Table 1
Validity and Reliability of Instrument

Measure	Item	Factor Loadings	KMO	Bartlett's Test of Sphericity	Eigenvalue	Variance Explained	Cronbach Alpha
Communication	6	0.599–0.959	0.872	770.157; p=0.000	4.232	70.534	0.908
Participation	4	0.699–0.859	0.758	466.453; p=0.000	2.952	73.794	0.872
Performance Appraisal	5	0.682–0.957	0.856	522.610; p=0.000	3.508	70.164	0.886
Motivation to Perform Job	9	0.674–0.937	0.891	1745.888; p=0.000	6.542	72.684	0.889

Table 2
Descriptive Statistics and Pearson Correlation Analysis

Variables	Mean	Standard Deviation	Pearson Correlation (r)			
			1	2	3	4
Communication	5.0996	0.84293	1			
Participation	4.1508	1.12941	0.345[**]	1		
Performance Appraisal	4.8994	0.90352	0.563[**]	0.483[**]	1	
Motivation to Perform Job	4.9007	0.65950	0.452[**]	0.329[**]	0.512[**]	1

Note: Correlation Value is significant at *$p<0.05$, **$p<0.01$, ***$p<0.001$
Reliability estimation is shown diagonally (value 1)

2017). This result confirms that communication, does act as an important predictor of motivation to perform job in the studied organizations. As an extension of the hypothesis testing, the value of variance inflation factor for the relationship between communication and motivation to perform job was 1.134. This value was less than 0.10, indicating that it was not affected by a serious collinearity problem (Hair *et al.,* 1998).

Table 3
Linear Regression Analysis Results Showing the Relationship between Communication and Motivation to Perform Job

Variables	Dependent Variable (Motivation to Perform Job)	
	Step 1	Step 2
Control Variables		
Sex	0.037	0.067
Age	-0.150	-0.093
Level of education	-0.010	-0.116
Position	0.063	-0.144
Length of service	0.102	0.098
Income	0.221*	0.077
Expenses	-0.041	0.041
Marital status	0.003*	0.002
Independent Variables		
Communication		0.492***
R square	0.039	0.252
Adjust *R* Square	0.007	0.212
R square change	0.039	0.213
F	0.856	6.329
F Δ *R* Square	0.856	48.212***

Note: *$p<0.05$, **<0.01, ***$p<0.001$
Beta = Standardized Beta

Table 4 shows the results of testing hypotheses using a linear regression analysis in Step 2. Firstly, participation was positively and significantly correlated with motivation to perform job (β=0.396; $p<0.000$), therefore H_2 was supported. In terms of explanatory power, participation had explained 18 percent of the variance in dependent variable, showing that it provides a small support (Hair *et al.,* 2017). This result confirms that participation does act as an important predictor of motivation to perform job in the studied organizations. As an extension of the hypothesis testing, the value of variance inflation factor for the relationship between participation and motivation to perform job was 1.105. This value was less than 0.10, indicating that it was not affected by a serious collinearity problem (Hair *et al.,* 1998).

Table 5 shows the results of testing hypotheses using a linear regression analysis in Step 2. Firstly, performance appraisal was positively and significantly correlated with motivation to perform job

(β=0.690; $p<0.000$), therefore H_3 was supported. In terms of explanatory power, performance appraisal had explained 38 percent of the variance in dependent variable, showing that it provides a moderate support (Hair *et al.,* 2017). This result confirms that performance appraisal does act as an important predictor of motivation to perform job in the studied organizations. As an extension of the hypothesis testing, the value of variance inflation factor for the relationship between performance appraisal and motivation to perform job was 1.409. This value was less than 0.10, indicating that it was not affected by a serious collinearity problem (Hair *et al.,* 1998).

Table 4
Linear Regression Analysis Results Showing the Relationship between Participation and Motivation to Perform Job

Variables	Dependent Variable (Motivation to Perform Job)	
	Step 1	Step 2
Control Variables		
Sex	0.037	0.094
Age	-0.150	-0.219*
Level of education	-0.010	-0.052
Position	0.063	-0.028
Length of service	0.102	0.105
Income	0.221*	0.251*
Expenses	-0.041	-0.035
Marital status	0.003	-0.015
Independent Variables		
Participation		0.396***
R square	0.039	0.180
Adjust *R* Square	0.007	0.137
R square change	0.039	0.142
F	0.859	4.134***
F Δ *R* Square	0.859	29.222***

Note: *$p<0.05$, **<0.01, ***$p<0.001$
Beta = Standardized Beta

The findings of this study show that performance appraisal is the largest contributor for motivation to perform job (38 percent), communication is the moderate contributor for motivation to perform job (25 percent), and participation is the smallest contributor for motivation to perform (18 percent). Even though the contributions of these variables are not same, but they can act as important predictors of motivation to perform job in the studied organizations. In the context of this study, management has planned and handling reward systems based on broad compensation policies and procedures as set up by their stakeholders. The majority of employees feel that the levels of communication, participation, per-

formance appraisal and motivation to perform job are high. This situation explains that implementation of communication, participation and performance appraisal in planning and handling reward management may lead to an enhanced motivation to perform job in the organization.

Table 5
Linear Regression Analysis Results Showing the Relationship between Performance Appraisal and Motivation to Perform Job

Variables	Dependent Variable (Motivation to Perform Job)	
	Step 1	Step 2
Control Variables		
Sex	0.037	0.103
Age	-0.150	-0.011
Level of education	-0.010	-0.069
Position	0.063	-0.371***
Type of service	0.102	-0.068
Income	0.221*	0.089
Expenses	-0.041	0.003
Marital status	0.003*	-0.008
Independent Variables		
Performance Appraisal		0.690***
R square	0.039	0.377
Adjust R Square	0.007	0.344
R square change	0.390	0.338
F	0.856	11.371***
$F \Delta R$ Square	0.856	91.826***

Note: $*p<0.05$, $**<0.01$, $***p<0.001$
Beta = Standardized Beta

The implications of this study can be divided into three main categories: theoretical contribution, research methodology and practical contribution. In terms of theoretical contribution, this study has supported and broaden the notion of Graen's (1976) and Graen and Uhl-Bien's (1995) which revealed that quality relationship between leader and followers is often translated as communication, participation, performance appraisal. Further, application of notion of these theories in reward management appropriately implement communication, participation, performance appraisal in performance based reward can lead to an enhanced employee' motivation to perform job. This study also has supported and broadened studies by Ismail *et al.,* (2011), Darehzereshki (2013), Aimi *et al.,* (2014) and Martocchio (2015). In regard with the robustness of research methodology, the survey questionnaire has achieved the acceptable standards of validity and reliability analyses. This achievement could lead to the production of accurate and reliable findings.

With respect to practical contribution, the findings of this study can be used to improve reward management in government agencies. This aim can be achieved if management focuses on the following dimensions: first, the type, level and/or amount of reward packages should be revised according to employees who work in different levels and categories. Second, the type, level and/or amount of reward packages should be revised based on employees' equity and need principles. Third, human oriented leadership training methods and content should be promoted to all management levels in order to improve their interactional skills. Finally, level of monetary rewards should be increased in order to fairly recognize high performing employees. If these suggestions are given attention this may strongly motivate employees to support the organizational reward strategies and goals.

Conclusions and Implications

This study tested a conceptual framework developed based on the reward management literature. The outcomes of testing the research hypotheses using Smart PLS confirmed that participation, communication and performance appraisal were important predictors of motivation to perform job in the studied organizations. This finding also has supported and extended previous studies mostly published in Western countries. Therefore, the current research and practice in reward management need to incorporate communication, participation and performance appraisal as key dimensions of reward management domain. Findings of study should cautious with limitations of this study. First, this study used a cross-section research to collect data for this study. Second, this study only tested the general independent variable and dependent variable. Third, the result analysis only focuses on the description of the variant reward system based on variable involved in this study, but there are many more factors that are important (for example, the demographic characteristics of the respondents, the types of reward system) should be included to estimate the degree of robustness of the relationship between variables. Fourth, this research use only employees in a public organization and they are selected using a simple sampling techniques.

Therefore, this study only describes the pattern of the relationship between the study variables in general only and may not be generalizable to different organizational background. Finally, the samples for this study were collected using a purposive sampling technique in one organizational sector. Thus, it may lead to sustained and achieved organizational strategy and goals.

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